



State Board of Equalization

# News Release

**Chairman Jerome E. Horton**

**4<sup>th</sup> District – Los Angeles**

Cynthia Bridges  
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## **BOE to Consider Adjusting Gasoline Excise Tax Rate Downward \$0.035 per Gallon**

**Sacramento** – The California State Board of Equalization (BOE) will consider adjusting the excise tax rate for gasoline downward by \$0.035 during its scheduled February 25, 2014 meeting in Culver City.

Gasoline prices have declined and are projected to remain low during the next fiscal year. If adopted, between July 1, 2014 and June 30, 2015, the excise tax on gasoline will be \$0.36. The current excise tax rate is \$0.395.

"This reduction in the excise tax of \$0.035 will guarantee that the total taxes collected do not exceed the amount authorized by the legislature," Chairman Horton said. "Historical data indicates that this legislation requiring the adjustment does not have an impact on overall gas prices. However, it would be nice if this decrease in excise tax would result in a corresponding decrease in gas prices."

Legislation known as the "fuel tax swap" was approved and signed into law in 2010. The law lowered the sales tax rate on gasoline by 5 percent, and increased the excise tax rate per gallon of gasoline to assure that consumers would pay no more or no less in state gasoline taxes that they would have paid before the swap. The Board of Equalization has no independent authority to raise or lower taxes. Instead, it must continue to assure this revenue neutrality by adjusting the excise tax rate annually.

The "fuel tax swap" mandates the BOE to set the excise tax rate for gasoline by March 1 of each year. The BOE sets the rate based on the projected price and number of gallons drivers will purchase in the upcoming fiscal year. The upcoming annual rate also accounts for the difference in the actual and estimated sales tax revenue in the prior fiscal year that would have been collected under the old tax structure. The sales tax on gasoline funds a variety of programs while the excise tax revenue is used for public roads and mass transit.

BOE forecasts are based on price and purchase projections from the Department of Finance and IHS Global Insight, an internationally recognized firm that provides comprehensive economic and financial data to nations and states.

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization's Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects \$56 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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